

By Jan Pager

GABORONE, BOTSWANA

WITHIN THE NEXT FEW weeks, the African National Congress (ANC), South Africa's main liberation movement, will hold a major conference somewhere in independent Africa to re-examine its political and military strategy in the wake of what is probably the most tumultuous year in recent South African history.

When the conference meets—at a place and time kept secret for security reasons from all but the ANC's top leadership—it will be with the knowledge that support for the ANC among black South Africans has perhaps never been stronger or more visible. Although the organization has been banned inside the country since 1960, and any open show of support can bring a five-year sentence, the ANC enjoys widespread popularity among South Africa's 22 million blacks.

When Nobel Peace Laureate Bishop Desmond Tutu recently told a Soweto crowd that he had met with exiled ANC President Oliver Tambo in Lusaka, the crowd roared with such approval that Tutu could not finish his sentence. Hundreds of people attended the Soweto funeral last month of Jabulani Ngcobo, age 26, who was the first ANC guerrilla openly buried inside the country. ANC songs and slogans are sung and shouted at every rally; the ANC colors (black, green and gold) appear regularly at meetings and demonstrations. Although there are no reliable polls, few South Africans—including Minister of Law and Order Louis le Grange—doubt that even after 20 years in jail, ANC leader Nelson Mandela is still the most popular black leader.

The ANC's support has begun to take on new significance in recent months, with the collapse of the government's much-vaunted "reforms." As white leaders search for ways to control rapidly growing popular and organized resistance to apartheid, more and more eyes are turning to the ANC. Pointing to the overthrow of white rule in what is now Zimbabwe, the pro-government paper *Die Beeld* editorialized in December: "When significant numbers of the country's citizens are not directly represented in the country's political organs, [the government] has a duty to listen to voices from unorthodox sources or else it is in danger of not hearing important messages before it is too late." Although both the government and ANC deny rumors that negotiations have already taken place, Foreign Minister Roelof (Pik) Botha has offered to allow exiled ANC leaders to return if they abandon their "violent objectives."

Almost certainly, white government officials are split between those who lean toward negotiations with the ANC and those who still hope to protect white supremacy through repression and military power. Significantly, however, businessmen have begun to argue that only a negotiated route to majority rule will avoid both a revolution and a thorough restructuring of the country's economy. Tony Bloom, chairman of

The movement has been split over socialism vs. nationalism.

one of South Africa's top 10 corporations, and the influential Handelsinstituut, an Afrikaans business think-tank, have both urged the government to negotiate with the ANC while it still can do so from a position of strength.

Issues to be addressed.

In this climate, the upcoming ANC conference—the first major policy meeting since 1969—is likely to shape the rapidly intensifying struggle in South Africa. Focusing on the liberation movement's political and military strategy, the 200-odd delegates to



Photographer unknown

SOUTH AFRICA

Upcoming ANC conference to reconsider political strategy

the conference will discuss questions raised in reports from meetings of ANC activists, both underground inside South Africa and in exile. Discussion papers have been circulating for months within the movement, and responses have been collected from thousands of activists. ANC leaders are not willing to comment openly on the probable outcome of the conference, but their reluctance only underlines the importance of the debate's results.

One major issue discussed will certainly be the relationship between the ANC and legal political organizations inside South Africa, such as the United Democratic

Front and the black trade unions. In particular, the debate is likely to focus on the relationship between the black working class and the struggle for majority rule. The ANC is unlikely to abandon its commitment to a "two-stage" struggle: first, a broad front fighting for an end to white supremacy, and only later to building socialism. While the Freedom Charter, which outlines the ANC's basic principles, calls for the nationalization of monopolies, land reform, and the provision of basic social services for all South Africans, it is open to a wide range of interpretations—allowing it to serve as the basis for a broad coalition fight-

ing for a democratic non-racial South Africa.

This coalition—including socialists, Christians and black nationalists—leaves a broad spectrum of views represented in the ANC. Some observers argue that while most black South Africans feel some loyalty to the ANC, the oldest black party in South Africa, it is not always clear they know what they are supporting—a problem that is magnified by the ANC's underground status inside the country.

White officials and businessmen calling for negotiations appear to hope to

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An economy in decline

Despite the excitement over Sen. Edward Kennedy's visit and the opening of a new tri-racial parliament last month, the main focus of attention in South Africa recently has been the economy's rapid slide into its worst depression since the '30s. And with growing fears of international sanctions and a dropping gold price, South African economic analysts are predicting that things will get much worse.

In early January, government officials met with groups of top businessmen around the country to warn them that the growing U.S. divestiture movement could strike telling blows on the South African economy. While U.S. Ambassador Herman Nickel reassured businessmen that the Reagan administration opposes divestment as a way to end apartheid, the South African foreign ministry was warning them that potential investors were being frightened away—even without the legislation to limit investments currently before Congress. Until now, Pretoria has downplayed the possible economic impact of sanctions. But as the divestment movement grows in American churches, city councils, unions and universities, government officials are beginning to admit they expect serious repercussions.

And the repercussions could not come at a worse time for South Africa. Already, the rate of foreign investment has slowed to a trickle, down to only 1.6 million *rand* last year. At the same time, the country's

foreign trade bill rose by 10.5 million *rand*, reaching a total of 93.7 million *rand*. Meanwhile, the *rand* has fallen to a third of its former position against the U.S. dollar, from \$1.15 to a mere 43¢. Despite government efforts to shore up the sinking currency, most analysts predict it will drop still further, perhaps going as low as 32¢. As the *rand* falls, it becomes harder for South Africa to buy the technology and inputs it needs to keep its industries going.

In the past South Africa's economy has been protected by gold, which speculators have used as a hedge against high oil prices and inflation. But as the dollar has risen, the gold price has dropped—from \$850 an ounce in 1980 to just under \$300 today. Since nearly half the total value of South African exports has come from gold sales, the falling price will further damage its already bleak balance of trade.

Even if gold should pick up again, most South African analysts do not expect the *rand* to follow suit. After decades of tight foreign exchange controls, the South African bank lifted virtually all restrictions last year, and the bank's total reserves of gold and foreign exchange dropped by nearly 6 billion *rand* to 4.4 billion. Although the government has already hinted that controls may be slapped on again, it will almost certainly be too late to stave off what newspapers have already unofficially dubbed "National Austerity Year."

Savage budget cuts have reduced the official deficit from 4,200 million *rand* to 2,800 million *rand*. But with a costly war on in Namibia, with the prospect of further uprisings in black townships, and with already large interest payments to make on international loans, the South African government is unlikely to be able to maneuver its way quickly out of a se-

vere recession.

The effects of that recession are already being felt, as unemployment has begun to soar. Early in January, manufacturers cut 100,000 jobs because of falling consumer spending. Steel and engineering cut 80,000 jobs, while the motor industry cut a total of 50,000 jobs. Official unemployment figures have never been reliable in South Africa, where black unemployment has been chronically underreported, but now even the official predictions of a million jobless by June look grim. In many areas, particularly the bantustans, unemployment has reached at least 20 percent.

If there was any good news at all for South African businessmen last month, it was that the maize crop may not be a total failure after all. The rains may have fallen just in time to prevent a complete loss of the harvest—but even now, only half the normal harvest is likely to be saved.

In the general atmosphere of economic gloom, with a recession that will hurt black workers as well as business, it is striking that so many black leaders continue enthusiastically to support the American divestment movement as a means of pushing the government toward far-reaching change.

While open calls for divestment are rare, since such appeals may be illegal in South Africa, the broad-based United Democratic Front was quite direct in its statement to Kennedy. "The continued investment by Western countries, including and especially the U.S., has not diminished the poverty and suffering among our people. There is in fact good evidence to show that the problems of the poor were accentuated during periods of escalating foreign investment" in South Africa.

-J.P.

By Peter Dammann

DILLARD, OR

IN THIS BUSINESS, IF YOU'VE GOT all your fingers," says Merle Donnelly, puffing steadily on the pipe he cradles in a hand missing its first finger and most of its second, "they say you don't have enough experience!"

Donnelly laughs. Clad in a khaki shirt, faded green jeans, suspenders and a brown baseball cap with the union initials on its brim, Donnelly, who is 62, has been working in mills on and off ever since he moved to the Pacific Northwest from Nebraska in 1946. "Say what you want," he says, leaning against the pickup truck parked 100 yards up the road from the gates of the Louisiana-Pacific (LP) Corporation's Round Prairie stud mill, "working in a lumber mill is about the hardest, most dangerous work a man could do around here."

At this particular mill, nestled in the hills of Central Oregon beside the Umpqua River, Donnelly put in 15 years as a planerman under three different owners. "A damn good mill, the best job I ever had," he says, "until LP got it."

Propped against a nearby telephone pole, a faded picket sign proclaims: "LP Unfair!"

A year and a half ago, Donnelly and his 55 co-workers, represented by Lumber Production and Industrial Workers (LPIW) Local 2949, struck the Round Prairie plant. They joined some 1,650 other union workers at 17 other Louisiana-Pacific mills on the West Coast in what has become the longest, most bitter strike in the history of the Northwest timber industry—a strike rocked by bombings, gun-fire and sporadic brawling between strikers and strike-breakers at the gates of many of the mills.

Louisiana-Pacific, the nation's second largest lumber products firm, has emerged from the labor dispute as one of the great union-busting companies of recent times. The firm's alleged refusal to bargain in good faith and its other efforts to break the union last year prompted the AFL-CIO to add LP to its "corporate dishonor role." The LPIW's parent union, the United Brotherhood of Carpenters, meanwhile launched a national consumer boycott of LP products, the first boycott in the union's 100-year history.

The man most responsible for LP's actions has been the company's 59-year-old chairman and president, Harry Merlo, a hard-driving executive whose \$2.4 million in salary, bonuses and benefits in 1983 made him the nation's 19th highest paid executive. His "Southern strategy"—his efforts to impose upon Northwest millworkers the choice of a lower standard of living or the continual loss of forest-products jobs to the Southeast—stems from his long-held antipathy toward organized labor. ("Unions," he wrote recently, "provide security for the lowest common denominator....")

Merlo's decision early in 1983 to break with the rest of the timber industry in contract negotiations and to demand rollbacks in wages and benefits was, in retrospect, a calculated gamble. With unemployment still soaring in communities dependent on the sluggish timber industry, LP had little trouble filling its struck plants with new workers. In some communities, hundreds crossed picket lines to apply for what were the only decent job openings in months. Within three months, LP had opened 15 of its struck plants with a new work force.

The political atmosphere for an assault on the union couldn't have been better. Louisiana-Pacific's considerable influence within the Reagan administration (which became clear when the company's corporate counsel, John Crowell, was named to head the U.S. Forest Service) apparently went a long way in a hearing before the National Labor Relations Board (NLRB). Had it not been for some last-minute, unprecedented and highly suspect maneuvering by the NLRB, the company would now be defending itself against a federal unfair labor practices charge. Instead, LP has been given the green light to proceed with

decertification elections pending at most of its struck plants.

"Merlo was out to break the union," Donnelly says. "And he picked the best time in the world to try it."

"Yes we can" philosophy.

In Portland, 180 miles north of the Round Prairie plant, LP's impressive new corporate headquarters, which cost an estimated \$4 million to furnish and decorate, is perched in the top two floors of the tallest building in the state. Despite its looming corporate presence here, the company is

locally known less for its timber operations, which lie scattered in small towns across the country, than as the former owner of the Portland Timbers soccer team and as the sponsor of the Davis Cup tennis matches.

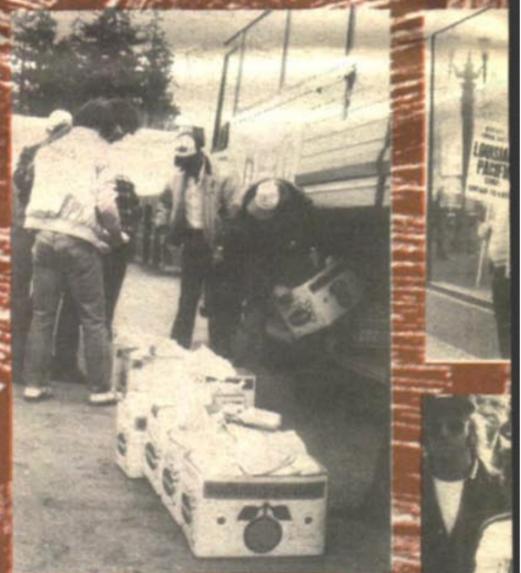
But on Wall Street, LP has been known since its inception as perhaps the most controversial company in the forest products industry, a reputation that is largely a reflection of President Merlo's style.

The son of Italian immigrants who settled in a small California lumber town, Merlo moved up rapidly in the industry. He began

as a shipping foreman for a small mill, became a partner and then, when Georgia-Pacific bought out the firm, moved up quickly through that company's ranks. In 1973, when the Federal Trade Commission threatened to break up Georgia-Pacific, the company split off 20 percent of its assets to start Louisiana-Pacific.

Under Merlo's lean and aggressive management, LP grew rapidly into the nation's second largest lumber products company with some 13,000 employees and 110 plants nationwide, and sales of more than \$1 billion a year. Named the timber indus-

Anatomy of a STRIKE



PLEASE BUY LOU PAC PRODUCTS WE HAVE WITH US

The battle at Louisiana-Pacific mills is one of the longest and most bitter in the history of the Northwest timber industry.

Photographer unknown