UNION OF SOUTH AFRICA

UNITED STATES RELATIONS WITH THE UNION OF SOUTH AFRICA

711.48a/11-148

Policy Statement of the Department of State

SECRET

WASHINGTON, November 1, 1948.

UNION OF SOUTH AFRICA

A. OBJECTIVES

The fundamental objectives of US policy toward the Union of South Africa are: (1) to maintain and develop the friendly relations which exist between the United States and the Union of South Africa; (2) to encourage the maintenance of South African bonds of sympathy with the western powers and continued participation in the United Nations; and (3) to encourage the economic development of South Africa and the growth of its foreign trade in accordance with the principles of the ITO Charter.

B. POLICY ISSUES

Relations between the United States and the Union of South Africa have always been friendly, but under the Smuts regime they were subjected to the over-riding considerations of the Commonwealth and, more particularly, British interests. The new Nationalist Government which came to power as a result of the General election in May 1948 has an anti-British orientation which, although it may simplify our relations with South Africa in some respects, will doubtless introduce new factors which are not yet well enough defined to permit the formulation of a detailed US policy.

In view of the pre- eminent position which the Union of South Africa now occupies on the African continent by reason of her relatively large white population, her natural resources, temperate climate and capacity for further industrial development, it is in our interest to encourage South African cooperation with us on matters of mutual concern. Through this cooperation we may be able to discourage

1 Field Marshal Jan Christiaan Smuts, Prime Minister, Minister of External Affairs, and Minister of Defense until May 28, 1948.

2 On June 3 Dr. Daniel Francois Malan announced the formation of a new government in which he would serve as Prime Minister and Minister of External Affairs.
South Africa from slipping into the isolationism which the inclination of the present Nationalist Government, coupled with the weakening of Commonwealth ties, might otherwise develop as its national policy.

The imminent resumption of USIE activities in South Africa, after an 18-month suspension, will permit the use of information and educational exchange to help strengthen friendly relations by promoting among South Africans knowledge and understanding of the United States and its people; and by publicizing and explaining those policies and attitudes of the United States which affect South Africa directly or indirectly.

1. Political

The recent general election brought to power a Nationalist Government composed of the Nationalist and Afrikaner parties and representing primarily the Afrikaner element of the population. The new government is narrowly racialist both in its attitude toward the colored problem in South Africa, and also in its identification of the Afrikaner culture with the South African nation. While these racialist ideas, particularly as they relate to the relations between the English speaking and Afrikaans speaking sections of South Africa, may no longer claim the full allegiance of more enlightened Nationalist leaders, the basic strength of the Nationalist Party rests firmly on the reactionary rural areas which for the foreseeable future will continue to regard the English element in South Africa as the enemy of the Afrikaner Volk. The Afrikaner Party, which is generally considered to be more moderate than the Nationalist Party and to offer a possible vehicle for Afrikaner-English political collaboration, is moderate only in its leadership. The rank and file membership of the Afrikaner Party today is made up in large part of members of the extremist nationalist organization, the Ossewa Brand wag. The close numerical division of the population of South Africa between Afrikaners and persons of British stock, and the virtual certainty that an effort on the part of the Nationalist Government to fasten an Afrikaner hegemony on the country by undemocratic means would lead to civil strife, provide the most effective check on precipitate action by the new government.

Legislative restrictions in racial matters in South Africa, such as regulations regarding native residence, pass laws, and the color bar in industry, have always been more rigid on the books than in administrative application, and, in fact, in many localities have not been strictly enforced. The present government can be expected to promote a harsher administrative application of existing laws quite apart from any further restrictions which may be instituted.

There are no natives in the House of Assembly or the Senate although they comprise 80% of the population. The sole representation
of this large segment of the population is through three European members in the House of Assembly and four in the Senate. The Nationalist Government, however, opposes the continuance of this representation in the House of Assembly and can be expected to take steps to eliminate it as soon as a constitutional formula can be devised for doing so without the necessity of a two-thirds vote of Parliament.

The Indian problem in Natal, which has involved the South African Government in a dispute with India, provides a link between what is a South African internal problem, the question of race relations, and South African foreign policy. The South African Government failed under General Smuts to implement the General Assembly Resolution of December 1946 concerning this dispute, which recorded the opinion that the treatment of the Indians should be in conformity with international obligations under agreements between India and South Africa and under the UN Charter, and requested the two governments to report to the next General Assembly the measures adopted to this effect. The problem was again considered at the 1947 session of the General Assembly with no definitive results. The present government is even more blunt in insisting that the question of the treatment of Indians in South Africa is a matter of domestic sovereignty outside the jurisdiction of the UN. Not only is the Nationalist Government intransigent in its opposition to removing present legislation restricting the residence and ownership of property by the Indians, but it has taken action which further restricts and discriminates against Indians. The Nationalist Government has indicated that it favors repatriation as a solution of the Indian minority problem and has indicated a willingness to discuss the matter with India on this basis. However, this is not acceptable to the Government of India and, in any event, the repatriation of any significant numbers of Indians would be strongly opposed by the South African Indians themselves. The matter is again before the General Assembly, although there is little hope that an early and final solution can be reached.

The US position on this question has consistently been based upon the view that the solution of the Indian problem must lie in an amicable settlement between the parties, and that, in view of certain legal doubts as to the international status of the problem, the question as to whether the treatment of Indians is within the domestic jurisdiction of South Africa should be referred to the International Court of Justice. It is our policy to avoid being drawn directly into discussion of South Africa's racial problems. Nevertheless, whenever our own racial problems are prominently publicized in South Africa the Legation should rebut, through USIE channels or otherwise, the distortions and exaggerations which are often featured in foreign comment on this subject.
South Africa’s continued refusal to submit a trusteeship agreement for South-West Africa has also brought her into conflict with the UN. South Africa feels that after faithfully administering the territory for many years the mandate should be terminated and the territory incorporated into the Union. In this connection, the government considers that it has the support of the people of the Union, the white inhabitants of South-West Africa, and a majority of the natives in the territory. Our position is that the Union Government is under a moral but not a legal obligation to submit a trusteeship agreement for South-West Africa. In view of the continued failure of South Africa to submit such an agreement, which has been twice requested by the General Assembly, our policy is to attempt to continue the present status quo in preference to a line of action which might cause the Union Government to cease reporting on or to annex the territory, as it might do if severely criticized. As a matter of tactics, the implementation of this policy requires careful handling—on the one hand to endeavor to moderate the strongly critical tone taken by other delegations, and on the other, to avoid being placed in a position of appearing to defend the Union of South Africa against the majority of the Assembly.

Pan-African aspirations which were voiced by General Smuts during the war years have been played down during the past several years and the emphasis has been placed on closer economic and trade relations with neighboring territories, particularly the Rhodesias. It is too early to determine what expression the new government will give to the idea of Pan-Africanism. The Nationalist Government has already evidenced a sensitivity to developments in neighboring African territories. Examples of this are the hostile reaction of the Nationalist press to suggestions that Great Britain may endeavor to counter-balance the loss of the Indian Army by building up a native force in Africa and the Nationalist desire eventually to acquire the British High Commission territories. In view of the unenlightened Nationalist approach to race problems and the danger which this attitude presents to the future of South Africa itself we should be particularly alert to any manifestation of an expansionist policy by the present South African Government.

2. Economic

South Africa’s economic relations with the United States have been characterized by a large and growing volume of trade in which South Africa normally utilizes the output of her gold mines to balance an import surplus in other commodities with this country. In the last eighteen months South Africa has incurred a heavy dollar deficit which has been reflected in a serious depletion of its gold reserves. The deficit
has been caused largely by a heavy increase in imports from the dollar area unmatched by a corresponding increase in exports. The factors chiefly responsible for this development are: (1) a large increase in money incomes, due to an excessive growth of bank credit and an abnormal influx of capital from the United Kingdom, which the Union Government has so far failed to offset by strong counter-inflationary measures; (2) the need to replenish depleted inventories and satisfy demands pent up during the war years; (3) an adverse shift in the Union's terms of trade resulting from roughly a doubling of its import prices as against the maintenance of an internationally fixed price for its chief export—gold.

This situation has led to an informal request by South Africa for an Export-Import Bank loan. In submitting this request, the Union Government has indicated that it regards import or exchange restrictions as the chief alternatives to receiving financial assistance from this country. While the Department's policy with respect to this problem has not yet been formulated, its preliminary position may be summarized as follows:

(a) No balance-of-payments or stabilization loan should be extended to South Africa unless it is accompanied by thoroughgoing fiscal and monetary measures (including action to eliminate or prevent the resumption of abnormal inward movements of capital) designed to remove inflationary pressures. In accordance with our general policy with respect to non-ERP countries, however, we should not oppose the purchase of dollars by South Africa from the Monetary Fund to the extent of 25% of her quota, or $25 million.

(b) We wish to encourage the Union's adherence to the multilateral trading principles of the General Agreement on Tariffs and Trade and of the ITO Charter. Although provision is made in GATT for import restrictions on balance-of-payments grounds, it is not our policy to acquiesce in such restrictions until all alternative measures of correcting the imbalance have been explored. If it should develop that import restrictions cannot be avoided, we should insist upon their conforming to the provisions of GATT and upon South Africa's giving convincing proof that it is taking appropriate internal measures to correct the imbalance in its international accounts.

(c) Our economic development policy toward South Africa should be directed toward promoting the development of her natural resources, especially those which are important to our program for stockpiling strategic materials. We should urge South Africa to endeavor to obtain from private American sources the dollar capital necessary to

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*By November it had become apparent that the desired loan from the United States was not readily available. On November 3, the Cabinet considered plans for import control. The following day the Minister of Finance issued a statement explaining the Government's reasons for deciding on such controls, to be implemented largely through the rationing of foreign exchange (54SA.5151/11-548).

*Documentation on this agreement and the proposed Charter appears in volume 1.
such development. If South Africa should apply to the International Bank for a loan to finance long-term development schemes, we should support the application. We should also support an application for an Export-Import Bank loan if sought for short-term projects of suitable character.

South Africa is faced with transport difficulties, particularly a shortage of freight cars, which adversely affects the movement of strategic materials to this country. We are interested in supporting all practicable measures to alleviate the transport situation, either by the addition of new freight cars, the repair of old ones, or possible improvement in operating efficiency.

To clarify our international, economic and fiscal policies USIE should disseminate information regarding the international economic objectives of the United States, their correlation with ITO and GATT, and especially the operations of ERP as they may affect the economic relations of other regions with western Europe and the United Kingdom. Underlying the presentation of this information should be the general purpose of countering charges that the United States is bent on "economic imperialism".

A draft of a treaty of friendship, commerce and navigation was presented by the United States to the Government of the Union of South Africa in April 1948. It is hoped that the Union will be ready to enter into discussions with regard to the treaty in the near future.

C. RELATIONS WITH OTHER STATES

During the general election campaign the Nationalist Party repeatedly stated that the constitutional relationship of South Africa to the British Commonwealth was not an issue, and that no change in the constitutional arrangements would be made without a specific mandate from the electorate. There is no reason to believe that this pledge will be violated. Nevertheless, there is every indication that Commonwealth ties will be weakened in that cooperation on any specific matter will be undertaken only after it has been determined that such cooperation is in the interests of South Africa. This moderate attitude on the part of the Republican-minded Nationalists may be explained in large part in terms of fear of Communist aggression and the dangers which it presents to the maintenance of white supremacy in southern Africa. As a result of recent developments in relations between the Soviet Union and the west the South African military authorities have decided to utilize British instructors in the South African armed forces, to render assistance to the British in the Berlin airlift, and to have the South African navy participate in maneuvers of the British South Atlantic fleet.
After indicating that he would not participate in the Commonwealth Conference of Prime Ministers at London during October, the South African Prime Minister permitted one of his Cabinet Ministers to attend the meetings. It remains to be seen whether the drift away from military collaboration with the United Kingdom, which has been going on since the end of the war and which has been accelerated in recent months, will be reversed or at least checked as a result of the present state of international relations.

Because of her remoteness from the main currents of international politics, South Africa has never been greatly concerned with the development of a well defined foreign policy covering her relations with other states outside the African continent. During the Smuts regime the South African Government displayed a friendly sympathy toward Greece which was largely explained by the personal friendship of General Smuts with members of the Greek royal family. The Smuts Government also appeared more sympathetic than was public opinion toward the rehabilitation of Italy. The Nationalist Government has no reason to share either of these two attitudes.

South Africa opposed the adoption of the General Assembly Resolution of December 12, 1946, concerning Spain, on the grounds that it was an interference in the domestic affairs of the Spanish people. This position has recently been reaffirmed. Its attitude on this question, it should be pointed out, does not represent so much sympathy with the Spanish Government as opposition to what South Africa considers unwarranted interference by the United Nations in domestic affairs.

The South African Government alone among the members of the British Commonwealth failed to recognize the Polish Government when it was constituted at Warsaw. This policy again reflects a personal bias in that it can be explained by the esteem in which representatives of the former Polish Government at London were held by South African officials, including General Smuts. It is unlikely that the present government, which is so outspoken in its opposition to communism, will reverse this policy by according recognition to the Polish Government.

South Africa has become increasingly aware of the dangers which Communist propaganda presents to the maintenance of its social structure based as it is on the dominance of a large colored population by a small white minority. The USSR maintains consulates at Pretoria and Capetown, but the desire of the Soviet Government to exchange diplomatic missions with South Africa was ignored by the Smuts Government and can expect no greater consideration from the present regime. The size of the Soviet representation in South Africa is disproportionately large considering the insignificant volume of
trade between the two countries. The Nationalist Party, when in opposition, frequently questioned the government on the number of Russian representatives serving in South Africa and can be expected to oppose any further expansion of personnel or activities. We may count on a sympathetic reception in South Africa of our firm opposition to Soviet expansionism and Communist fifth-columns.

D. POLICY EVALUATION

The role of the native in South Africa is the omnipresent issue involving the major parties and affecting almost every aspect of South African life. The question of race relations was a paramount issue in the recent general election and the effectiveness of the Nationalist appeal to the fears of the electorate demonstrates only too clearly that a substantial section of the white population place their reliance in repression as the answer to the problem which plagues them. South Africa by reason of the resources both human and material which she possesses should have great potentialities for further development. Unless, however, her color policy can be developed on something other than a substratum of fear and hate her progress will be hampered and the development which she has already achieved will be endangered. A practical demonstration of this fact is afforded by the uncertain future of secondary industry. Until such time as the purchasing power of her eight million natives is raised the smallness of her domestic market will make it difficult for South Africa to compete in neighboring African territories with mass produced articles manufactured elsewhere.

The jealous concern of the present Nationalist Government to preserve the culture of the Afrikaner Volk has already led to a reversal of the policy of encouraging immigration which was adopted by the previous government. The check on immigration is explained on the ground that the ethnical proportions of the white South African population must not be altered—in other words that the numerical superiority of the Afrikaners might be destroyed by unlimited immigration. These racialist ideas, by denying South Africa the services of artisans and others who would assist in the development of the country, act as a brake on progress.

Our relations with South Africa are friendly both because South Africans in general like Americans and feel a kinship with them and also for the purely negative reason that anti-British feeling can be expressed indirectly by the Nationalist Government through closer ties with the United States. We welcome friendly relations with South Africa because of strategic considerations and also because South Africa represents an increasingly good market for our products.
While of course we are not concerned with what alterations may be effected in South Africa’s constitutional relations with Great Britain, our interests would not be served by a South Africa withdrawn for all practical purposes from association in the British Commonwealth, particularly if such withdrawal were accompanied by a policy of narrow nationalism and isolation. Our policy should recognize the immaturity and lack of experience in international affairs of many of the leaders and supporters of the present government and should endeavor by the exercise of patience to encourage South Africa to continue her cooperation with other countries, and particularly her participation in the United Nations.

124.48A/11-2448

Memorandum by the Acting Secretary of State to President Truman

WASHINGTON, November 23, 1948.

The Legation of the Union of South Africa has informed the Department that the Union Government proposes that the United States Legation at Pretoria and the Legation of the Union of South Africa at Washington be elevated to the status of Embassies if this proposal meets with the approval of the United States Government.

Since we maintain Embassies in the other two of the Southern Dominions, Australia and New Zealand, and considering the friendly relations existing between the United States and the Union of South Africa, I believe it would be appropriate to raise the missions at Pretoria and Washington to Embassy status. If you concur, I will inform the Legation of the Union of South Africa of the United States approval to the Union Government’s proposal.

ROBERT A. LOVETT

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1 In a note of November 13, not printed.
2 Approved in a marginal notation by President Truman on November 24. On March 1, 1949, the Senate confirmed the nomination of North Winship as the first American Ambassador to the Union of South Africa, H. T. Andrews, the first Ambassador of the Union of South Africa to the United States, presented his credentials to President Truman two days later (Department of State Bulletin, March 13, 1949, pp. 332 and 338).