

IMMEDIATE FOR 8H00

2. TELNR
3. 19860402/08h50
4. PRETORIA
5. WASHINGTON (AMBASSADOR AND FERGUSON)  
CAPE TOWN (MINISTER (ATT V ZAZERAJ) DG AND A JOUBERT)
6. ROUTE 770

TOP SECRET

AMBASSADOR AND FERGUSON FROM BURGER AND EVANS

VISIT OF "S"

Following for your information on how visit of S being handled.

1. First objective of the visit is to permit business community elements plus ourselves to evaluate desirability, practicality and cost effectiveness of S proposal. Initially you reported that S envisaged proposal which would cost more than \$50 million. Ferguson informs now that S would be happy with \$1,2 million. These vastly different sums oblige the businessmen and ourselves to evaluate S's proposals comprehensively and critically.
2. We agree that early meeting with the Minister is essential - this has been arranged.
3. We have spoken with RONNIE LUBNER, BERTIE LUBNER and others. Some businessmen are prepared to commit significant funds to improvement of RSA image in general. They are not, as yet, specifically committed to S's proposal(s) which must first be evaluated in situ. In any event, sums of the order of \$50 million will almost certainly not be committed to one project alone. Preliminary indications are that around \$15 million may be forthcoming for a variety of projects.
4. You should appreciate that financial commitments of this order (+\$15 m) are highly exceptional in the present politico-economic climate. The possibility of obtaining such order of funds is largely due to personal committment and initiative of LUBNERS, GERRY

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MULLER and a circle of their close friends and associates.

5. Given potential interest of the latter, we would undermine the possibility of getting substantive private sector funding by going behind the backs of the LUBNERS et al to other businesses where experience shows that the prospects are severely limited. Reasons include the following:

5.1 Attitude of many businessmen is that external image-building is useless until such time as government effects major concrete changes domestically. Many leading businessmen address their most severe criticism at Government. "Government got us into this mess, they must get us out of it" G RELLY.

5.2 Above mentioned perceptions explain inclination of some businessmen to explore alternative options eg discussions with ANC.

5.3 Above phenomenon underly cash crisis at SA Foundation. Many of names you propose are SAF's principle backers. SOROUR is RELLY's protege. Fred du Plessis is President. These and other parties have yet to provide R2 million to cover current SAF deficit.

b. In these and other circumstances, funds cannot be raised on the basis of approaching businessmen simply because their companies are listed amongst the top 10 or 20. We have had contact with more than 200 domestic and foreign companies, national and regional chambers and other institutions and have yet to obtain committment of the sort LUBNER et al may provide.

7. In sum - we proceed as follows:

7.1 Meeting with LUBNER and his group on Friday after pre-briefing of these persons by us. (LUBNER going overseas on Friday night - unfortunately some members of this group are abroad at present).

7.2 Meeting with Minister on Monday.

7.3 Evaluation. If a practical and affordable plan of action can be agreed, we have to inform S of positive decision at that time. If additional funding is the only outstanding element, we shall arrange additional appointments with business in cooperation with LUBNER et al.

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COMMENT:

During a preliminary discussion on the evening of Stone's arrival in Johannesburg he demonstrated a serious lack of understanding of the situation "on the ground" in RSA.

In suggesting how the embanning of Winnie Mandela might have been (be) handled, Stone stated it would have been preferable for Mrs Botha to convey the message to Mrs Mandela personally in Soweto rather than having the message conveyed by telephone to Mrs Mandela's lawyer.

The "biggie", according to Stone, would be affecting the release of Mrs Mandela. This he would do by liasing with the Angolan Government, through personal contacts in Gulf Oil, to obtain the release of Capt Du Toit and by liasing with the Soviet Government to obtain the "internal" release of SAKHAROV, ie his release to Moscow. Stone indicated that he would arrange the timing of this to coincide with the next summit meeting between Reagan and Gorbachev.