

## EDITORIAL

## U.S. Companies — No Force for Change in South Africa

*In an April 1984 letter to nearly a hundred U.S. Senators and Representatives, U.S. church leaders refuted claims by the U.S. Chamber of Commerce in South Africa that its member companies were a force for change in South Africa. Two months earlier an official of the Chamber of Commerce had written to members of Congress and the Senate, urging opposition to legislation intended to apply economic pressure on South Africa. Included with the Chamber of Commerce letter was "U.S. Business Involvement in South Africa", a 20-page pamphlet painting a sunny picture of the role of U.S. business in the white-dominated society. Church leaders called the letter and pamphlet "one-sided" and urged members of the House and Senate to pass legislation placing a moratorium on new investments, prohibiting sales to the South African police and military and ending kruggerand sales. Following are excerpts from the letter to U.S. political leaders, sent by Dr. Audrey Smock, chairperson of ICCR's board of directors and world issues officer of the United Church Board for World Ministries, and the Rev. Christian T. Iosso, chair of ICCR's Workgroup of International Justice and associate for Mission Responsibility Through Investment for the Presbyterian Church (U.S.A.):*

We believe the letter and materials from the American Chamber of Commerce were extremely biased. They provided an inaccurate description of life in South Africa and the role of U.S. investment there. Finally, they oppose economic pressure on South Africa, a step we believe is long overdue.

U.S. church groups have examined the role of U.S. bank loans and investment in South Africa for over fifteen years. We share the outrage expressed by many U.S. political, business, union and academic leaders who condemn apartheid and the system of white supremacy in South Africa as a massive denial of human rights based on outright racism. We also believe that apartheid is contrary to fundamental religious principles.

Over the last fifteen years, U.S. churches have tried to raise important social responsibility questions with corporations about their involvement in apartheid. We have asked U.S. banks to restrict lending to South Africa, particularly to end loans to the government and its agencies, and have been heartened by the dozens of major banks and financial institutions that have adopted such policies. We have called on certain companies to put a moratorium on further investment in the republic and on others to stop sales to the South African police and military. In some cases when corporate activity directly supported the apartheid system, we have requested these corporations withdraw from South Africa.

U.S. churches have taken these positions in an intensive program of discussions with management, shareholder resolutions, support for appropriate legislation and in some cases the withdrawal of bank accounts and divestment of securities of corporations investing in South Africa. We have done so in consultation and partnership with church agencies in South Africa.

The upbeat American Chamber of Commerce report suggests that the situation is vastly improved in South Africa and that the system of white minority rule is being dismantled. Exactly the opposite is true. The government's apartheid scheme has effectively divided South Africa along racial lines into two countries: a developed, affluent country for whites and a poor developing country for 70 percent of the population which is black. The Sullivan Principles notwithstanding, economic and social conditions have deteriorated for the majority of blacks in the past decade. The homelands policy under which 86 percent of the land is reserved for the nation's white minority, combined with the government's policy of forced removals, has consigned three-fourths of the blacks to desolate, rural hinterlands characterized by poverty, crowding and malnutrition. Despite the conclusion of

the government-appointed Tomlinson Commission in 1955 that the homelands could support a maximum of 2.3 million people, the government has forcibly relocated 2.3 million Africans from the common area to the homelands and South African civil rights groups predict that another 1.5 million blacks are scheduled for relocation. The homelands population increased from 4 million in 1960 to 10.7 million in 1980.

While the American Chamber of Commerce argues that its report gives "an insight into the impact that American companies have had in bringing about change" and that "U.S. companies work hard to change the character of South Africa society", these claims need to be placed in proper perspective. The Seventh Report on the Signatory Companies to the Sullivan Principles (October 1983) describes the Sullivan Principles as an "employment code" which addresses workplace conditions, not the apartheid structure of South African society. Moreover, even within the limited context of the Sullivan Principles criteria, only twenty-nine of the more than 300 U.S. companies operating in South Africa are rated "making good progress".

The American Chamber of Commerce is silent about the strategic role American corporations play in the apartheid economy, dominating several critical sectors: petroleum (44 percent U.S. controlled), computers (70 percent), automotive (33 percent) as well as other strategic industries. U.S. oil companies — Mobil, Texaco and Standard Oil of California (Caltex) — are assessed as strategic enterprises and fall under the Official Secrets Act, unable to report to their U.S. parent company basic facts about their imports, refinery output and sales to the South African government. These companies regularly sell petroleum products to the police and military; they say they are required to by South African law. U.S. computer companies sell and service sophisticated data processing equipment to the South African government, facilitating the modernization and maintenance of apartheid.

We do not believe that being a responsible employer or active philanthropist in South Africa offsets the many ways in which U.S. companies give the South African government support and sustenance. We disagree with the Chamber that the policy of "constructive engagement" by the U.S. government and U.S. companies has been a force for social change. We support the call of Bishop Desmond Tutu, general secretary of the South African Council of Churches, when he said:

... I have called on the international community to bring pressure to bear on the South African authorities to persuade them to come to the conference table before it is too late. I have called for diplomatic, political, but above all economic pressure. Apartheid's purveyors must not become respectable. They must remain international pariahs. Economic pressure need not become economic sanctions if the South African government responds positively.

Finally, we believe the debate in the U.S. churches, state legislatures, Congress, universities, unions, foundations is an encouraging and positive development. We believe that congressional initiatives to put a moratorium on new investments, prohibitions on sales to the South African police and military and an end to kruggerand sales are constructive and responsible. The message from states like Massachusetts and Michigan and cities like Philadelphia and Washington, D.C., which have decided to sell investments in companies with South African operations, is an encouraging development. American political leaders deserve a more honest and accurate portrayal of South Africa than that provided by the Chamber of Commerce.