SPECIAL COMMITTEE ON THE POLICIES
OF APARTHEID OF THE GOVERNMENT OF
THE REPUBLIC OF SOUTH AFRICA

SPECIAL SESSION AT THE UNITED NATIONS HEADQUARTERS

17-18 MARCH 1969

THE UNITED STATES SHOULD DISENGAGE FROM SOUTH AFRICA

Paper submitted by Mr. George Houser

It is not by chance that most representatives of African countries have called vigorously on South Africa's trading partners (especially the United States and United Kingdom) to end economic ties with South Africa. "It is this growing trade and investment," they say, "that strengthens the regime." A group of South African refugees in Dar es Salaam put it very strongly to me in a discussion not too long ago when they said: "Do you realise that Americans are our enemies because they support the apartheid government of South Africa".

The most current debate on what the strategy of countries and peoples in the world who oppose apartheid ought to be revolves around the words "engagement" or "disengagement." This debate asks: Will greater economic ties with South Africa tend to break down apartheid over a period of time, or will they only lead to a strengthening of the white minority government and its racist policies? This paper will deal with this issue and frankly espouse the "disengagement" position.

Of course American relations with South Africa are not limited to the economic sphere. Many factors, both governmental and private, both critical and supportive of apartheid, contribute to the substance of this American policy. These include: the condemnatory statements made by our representatives at the United Nations against apartheid; the official ban on American arms shipments to South Africa; the cancellation of an official American naval ship visiting a South African port; sponsorship of an occasional interracial gathering by the American embassy; assistance to the South African Atomic Energy Board in developing a nuclear reactor; the establishment of American tracking stations in South Africa with primarily white South African personnel and no non-white personnel; the import of South African sugar; an expanding American tourism to South Africa. Yet economic relationships best describe American policy towards South Africa, for it is in this area that relations are most extensive.

The assumptions on which this paper is based can be summarized under five points: first, an expanding economic involvement with South Africa tends to give the United States Government and the American people a vested interest in the maintenance of the status quo in South Africa. Second, the

status quo in South Africa is both repressive and exploitive and has led to the creation of a police state characterized increasingly by violence and counter-violence, with a threat of a conflict of international proportions. Third, the rapid economic growth and industrial expansion in South Africa has not led to an amelioration of apartheid repression. On the contrary, during recent years of economic expansion in South Africa, the apartheid system has become more repressive. Fourth, United States economic involvement in South Africa, in the long run, is damaging to American relations with large portions of the world's non-white people. Fifth, the United States does have a choice and can move in the direction of increased disengagement from South Africa.

A Factual Summary of American Economic Involvement in South Africa

The American economic stake in South Africa is considerable. More than 260 American firms through affiliates or branch offices are doing business in South Africa. The total private direct investment was just over $600 million in 1968. With indirect investment added, the total was about $800 million. American firms earn more than $100 million a year from these investments. Between 1961 and 1965 the return on direct investment averaged 19.5 per cent. American capital accounts for just over 12 per cent of foreign private investment in South Africa, which is second to Britain. American companies produce approximately 60 per cent of South Africa's cars and trucks, and account for about half of South Africa's oil refineries. And yet this investment amounts to only a little over 1 per cent of total American foreign investment.

As far as trade is concerned, approximately 20 per cent of South Africa's imports come from the United States and 8 per cent of South Africa's exports go to the United States not counting gold. In 1967 the United States favourable balance of trade with South Africa amounted to $199 million. Trade with South Africa has almost doubled in the last five years. The main exports from the United States are chemicals and fertilizers, machinery, transport equipment, and petroleum. Principal imports from South Africa are fish products, chemical elements and compounds, metals, uranium, vanadium, chromium, asbestos and diamonds.

A Criticism of the "Engagement" Strategy

Opponents of the apartheid regime in South Africa are in general agreement that there will probably not be a solution to the injustices there until effective organized action takes place within the country itself. The initiative, the will to bring change about, must essentially come from an aroused people who themselves are South African. Outside forces will play their most important role only as the struggle within deepens.

Nevertheless, peoples and countries outside of South Africa must make decisions now about the way they should relate to South Africa. What policies and activities today will tend most to strengthen the power of the apartheid state and what will tend to weaken it? What will tend to strengthen the forces of the opposition and what will weaken them? If one assumes the good faith of all those who say they are opponents of apartheid, there is a sharp divergence in overall strategy in answer to these questions. This is the debate between those who advocate a policy of disengagement and those who advocate a course of greater involvement or engagement with South Africa.

In capsule, the argument of those who call for greater economic involvement in South Africa is that the weight of economic forces will, over a period of time tend to break down the apartheid structure and increasingly integrate the non-white South African into the mainstream of the economic and political life of the country. For instance, Norman MacRae, Deputy Editor of the British publication, The Economist, wrote: "Because I believe that hidden and thrusting economic forces nearly always win over political lunacy in the end, I am inclined to take South Africa at its glittering statistical prospects rather than at its present leader's terrifying words." (Special issue of The Economist on the South Africa economy, "The Green Bay Tree" 29 June 1968). It is argued that because skilled labor is in short supply with a projection of 47,000 jobs impossible to fill by 1970, while 230,000 African industrial workers are unemployed, the strictures of apartheid will be lifted; and both skilled jobs and apprenticeship training courses will be opened to Africans.

It is further argued that because the economy of South Africa is increasingly an industrial and urbanized one, Africans will be encouraged to come to the urban areas at more favourable wages with better working conditions. The pass system will tend to break down because of the need for African labor in the cities. From these alterations in economic patterns will emerge, miraculously, positive political gains for Africans as well.

Consequently it is possible to have your cake and to eat it too. Under this theory it is possible to be an opponent of apartheid and yet to carry on business as usual on the ground that the mere strengthening of the economy is also bringing about the inevitable downfall of the architects of this system of racial oppression. Furthermore, it is argued that the regime can be influenced only if there is greater communication from the outside, not less. Supposedly the increase in investment also increases the amount of influential communication.

The burden of proof is upon those who accept this theory of helping to bring change in South Africa. What does the evidence show now? First, as American investment in South Africa has grown and even as the South African economy has expanded, apartheid policies have worsened.

In 1950, just two years after the Nationalist Party with its doctrine of apartheid came into power, American investment in South Africa amounted to $140 million. Now the American investment has grown at least five times that amount. During this same period the Nationalist Party (architect of apartheid) has increased its political hold on the country, until it holds about 75 per cent of the seats in Parliament and its legislation cannot be blocked.

The period of Nationalist Party control has resulted in the most oppressive apartheid measures. The Bantu Education Act, the Group Areas Act, the Population Registration Act, the Reservation of Separate Amenities Act, the Suppression of Communism Act (which makes illegal as statutory Communism any action which can be interpreted as causing violence or hostility between Europeans and non-Europeans), the Unlawful Organizations Act, the Riotous Assemblies Act, the Public Safety Act, the Terrorism Act, the 90-and 180-day Laws, and the Sabotage Measures as a part of the General Laws Amendment Acts -- all these and many other measures have become the law of the land. The major political organizations of non-whites have been banned and most of the African leadership is either in prison or has gone into exile. No interracial political organization is permitted. The bogus Bantustan system has been started both in the Transkei and in the Ovamboland section

of South West Africa. The territory of South West Africa has virtually been incorporated into the Republic, in defiance of actions by the United Nations. The South African Government has begun to provide direct military aid to the colonial wars of Portugal and the counter-guerilla actions of the illegal Smith regime in Rhodesia.

During this period of economic growth and Nationalist Party government, the contrast in wage levels is impressive and shocking. In 1946 the average wage in manufacturing for Africans as compared to whites was a 1 to 4.6. By 1961 this was 1 to 5.6. Between 1947 and 1961 white wages increased by 35 per cent while black increased only by 11 per cent. In 1967 the average African miner received $21.60 per month; white miners received $364.10. In construction African workers were paid $56.70 and whites $331.45. The system is full of cruel contradictions. While the income level may rise for some, others are shunted off to reserves where there is no opportunity for work, and all live in the insecurity of the transient.

Second, apartheid laws make advancement within industry for the African worker almost impossible. Under the Industrial Concilation Act for example, African trade unions, which exist as an entity only as an auxiliary to a white trade union, are not permitted to engage in collective bargaining or to strike. Under the same Act the Minister of Labor has the right to determine which job categories will be reserved for particular racial groups. For example, the Minister of Labor has determined that only whites may drive motor transport vehicles in the Durban Municipal Cleansing Department. In 1958 he determined that any rank above constable in the fire department or among traffic policemen in the Capetown area would be reserved for whites. In 1962 he determined that only whites could drive sanitary vehicles in the industrial areas and white suburbs of Springs. In 1963 he determined that only whites could work as barmen in white public bars in Durban and Pietermaritzburg. In 1966 he determined that in the footwear industry throughout South Africa, white workers could not be replaced by non-whites and colored could not be replaced by Africans.

The purpose of this legislation is to prevent potential competition on the skilled or even on the semi-skilled level of the African workers with white. The Minister of Labor can make exceptions in job reservation categories, but he always has the power to invoke the law as he sees fit or as he may be pressed to do by any interested white worker. Government policy

as reflected in an article in the Afrikaans newspaper, Die Vaderland of 19 January 1967: "There is no question at all of skilled non-whites taking over the work of whites in white areas...the government's policy of large-scale immigration has also resulted in a drastic diminution of the shortage of skilled workers."

Further limitations are brought against job advancement for African workers under apprenticeship training aspects of the law. Between 1956 and 1958 there were over 19,000 whites apprenticed in industries and trades in South Africa as compared with 1506 non-whites.

Third, there seems to be no direct effect upon the basic practices of the apartheid system by the economic advancement in South Africa. Apartheid is built on the pass structure by which no African has the legal right to live outside of that 13 per cent of the land surface designated either as a Bantustan or as a reserve. Half a million Africans are arrested every year under the Pass Laws.

Has there been any relationship between jobs for Africans in the urban areas and voting rights? By law, no non-white participates effectively in the electoral process and no non-white can be a member of Parliament. Under the apartheid scheme for creating "Bantu Homelands" the Tomlinson Commission in its 1954 report in which it charted the course which "separate development" should follow, called for the creation of 20,000 new industrial jobs each year in the homelands. In the first 6 years only 1,760 jobs have been created. Where has economic expansion brought change for the non-white?

Fourth, American economic investment in South Africa aids South Africa in its drive towards self-sufficiency. American oil companies have been particularly active in aiding South Africa in prospecting for oil. An item in The New York Times for 22 October 1966 reported, "Eight American oil organizations, one French and a South African company have been granted concessions to prospect for oil and gas on the country's continental shelf. The concessions are a part of the government's intensified search for oil to strengthen its hand in the event that international sanctions are applied because of the government's apartheid policies."

In spite of the ban on sending military equipment to South Africa, some American enterprises nevertheless strengthen the military potential of South Africa. Kaiser Jeep's subsidiary distributes products (Jeep and Gladiator)

readily convertible into vehicles for maintenance of internal security. A spokesman for the Washington office of Kaiser Jeep stated in an interview in August, 1966, that the company was distributing in South Africa a group of vehicles identical to those it is selling to the United States for use in Vietnam.

The South African Financial Gazette 17 June 1966 stated, regarding General Motors and Ford, that "in times of emergency, or war, each could be turned over rapidly to the production of weapons and other strategic requirements for the defense of South Africa." Thus trade with South Africa has, to a considerable extent, been replaced by production within South Africa -- self-sufficiency.

The Ford Motor Company and General Motors control more than 50 per cent of the automobile market. Two American oil companies, Standard and Mobil through subsidiaries handle approximately 48 per cent of the oil refining capacity of South Africa. Approximately 40 per cent of American investment in South Africa is chanelled through government-managed industries such as the Iron and Steel Production Project (ISCOR), the production of electricity (ESCOM), the production of oil from coal (SASOL). Charles W. Englehard has a controlling interest in 33 mines producing such minerals as uranium, chrome and gold. American major investment helps to make South Africa so strong that it cannot be challenged effectively.

American know-how has perhaps been as important as money in building South Africa's self-sufficiency. South Africa's chemical and nuclear industries, her involvement in space science, her developing automation (which can go far toward solving her labor problem) and similar advances, owe much to the United States.

Fifth, American businessmen involved in South Africa make no criticism of apartheid and of South African Government repressive policies. This suggests that American business interests in South Africa are hostages of the system and perhaps not even interested in seeing change. In 1966, Henry Ford II said, "When abroad, we must operate by the standards of the host country or forfeit our welcome." (22 November 1966, New York Times)

The South African press is happy to quote statements of visiting American businessmen. In January 1965 for example, Milton P. Higgins, Chairman of the Norton Company of Wooster, Massachusetts said, "I think South

Africa is going to remain a strong country, led by white people. I think foreign countries should leave South Africa alone. If they leave you alone you will get on and do a great job." In March, 1965, General Lauris Norstad, President of the Owens-Corning Fiberglass Corporation said in Johannesburg, "We have full confidence in South Africa -- not only we as individuals but the United States and the American people as well." In a survey taken among American business representatives operating in South Africa, 39 per cent responded that if they were South African citizens they would vote as members of the Nationalist Party. 35 per cent said they would vote as members of the United Party. Only 13 per cent would vote as Progressive Party members. Both the Nationalist and the United Parties proclaim the necessity of apartheid or of white domination. Thus there is no evidence at all that the communication between investor and his host actually occurs. Indeed it is more likely that the American investor is often a willing pupil of the "advantages" of apartheid and the cheap labor force it provides.

Sixth, American business interests in South Africa may play a determining role as to how the United States relates to the struggle for racial justice and equality in South Africa. In an article by Benjamin Welles in the New York Times for 15 November 1966, an American government official is quoted as saying, "We are bound to try to protect American interests overseas whenever appropriate." Given the nature of the injustices against the great mass of people in South Africa, given the fact that there is no legal constitutional way in which the non-white majority can bring change about, given the fact that the non-white political organizations now in exile see only wholesale violence as a way of establishing rights for themselves in the land of their birth, given the fact that this struggle is bound to intensify over a period of years -- it is legitimate to ask where American interests will lie as the confrontation between forces deepens. Business interests argue that South Africa is stable. Their knowledge of the liberation movements comes from South Africa which labels them Communist terrorists. The South African Government stresses that it is protecting not only their country but a great deal of Africa from coming under Communist domination. The real risk is that as American investment and economic involvement in South Africa grows our policy makers will see the future security of our country resting upon the continuation of the power of the white supremacists who form the government leadership in South Africa. Tragedy lies ahead if increased American investment in South Africa is in effect permitted to set the pace for American policy.

The advocates of engagement can factually point out that profits from investments in South Africa have increased in recent years, but they cannot point out that this has lessened the strictures of apartheid on the African people of South Africa. They can rightly declare that the economy of South Africa is booming, but they cannot say that this has increased political or economic freedom for the non-whites. They can point out that American trade and investment has helped the economic growth in South Africa but not that the trend towards an even greater police state has been retarded. If the purpose of "engagement" with South Africa is to reap greater profits, in the short run, then the present policy is a successful one. If, on the other hand, the rationale for engagement is to help end apartheid, to lead to freedom of action for the non-white majority of the country, then engagement is a tragic failure. The burden of proof is upon those who advocate and who are practicing engagement.

Aspects of Disengagement

What would a disengagement policy be? Essentially it would reverse the trend towards economic ties with South Africa. The United States Government, for example, would discourage increased investments in South Africa. Under the Export Control Act the President could find that it was not to the best interests of the United States to trade with South Africa. The President would urge the Congress to end the sugar quota which was set for South Africa when trade was stopped with Cuba. The United States could find alternative locations for the space tracking stations presently located in South Africa. The ban on sending military supplies to South Africa could be expanded to include any heavy equipment such as trucks or truck parts which could conceivably be converted to any sort of military use.

Could such a policy be successful? Would it have any greater success in weakening the apartheid regime than the present policy of engagement has? The rationale for this new policy can be stated in the following way: First, American trade and investment in South Africa could be decreased with a minimum of inconvenience to the United States. American investments are only 1 per cent of our total foreign investments. Trade with South Africa amounts to only 2 per cent of our total foreign trade. There has been a favourable balance of trade with South Africa for the last several years. Thus it would be an inconvenience for the United States to change the trend of relationships. On the other hand, it would be quite possible to do so, and the dislocations which would come about would be minor in comparison with the possible gains.

Second, a lessening of American trade and investment in South Africa would have a much more serious effect upon South Africa itself. The United States, as has been shown above, provides about one-fifth of South Africa's imports and takes a little less than a tenth of South Africa's export. 12 per cent of foreign investments in South Africa are American. The claim is not made that unilateral disengagement by the United States would by any means bring down the South African regime. However, it would not continue making the United States an accomplice to the South African policies and to the racial insanity which they reflect. It would cause some dislocations within the South African economy. It would hopefully demonstrate to the South Africans the unreality of the course upon which they have set themselves.

The effect of the United States embarking upon a disengagement course cannot be minimized. Condemnation of South Africa's apartheid policies in the United Nations has been almost unanimous. Only Portugal has openly backed up South Africa. If the United States were to adopt an uncompromising policy not to aid South Africa this would inevitably have a tremendous effect upon other countries large and small carrying on relations with South Africa. The chief trading partners with South Africa would be under renewed pressures to find alternative markets. It would be possible to devise a world strategy to aid those countries which were most dependent upon trade or investment with South Africa, such as Great Britain. The whole world climate which is favourable to increased investments and trade with South Africa might well be reversed if a powerful country such as the United States took the lead in disengagement.

Third, the non-white three-quarters of the population of South Africa look with distrust upon a country as powerful as the United States which nevertheless says that it is impotent to do anything effective in dealing with the extension of apartheid in South Africa. America's policy towards South Africa is looked upon by the rest of the world as the measure of America's sincerity in espousing freedom and equality for all men. The policy will be found wanting as long as American capital supports and profits from apartheid. Disengaging from South Africa would aid the United States in helping to mitigate the increasing international racial polarization.

Fourth, the moral imperative for disengagement from South Africa is very compelling. Apartheid is racism. It is based upon the theory of inferior and superior races however one tries to hide this by the terminology of "separate development." It denies the basic ethic of Judeo-Christian tradition

that all men are children of God and made in his image. It is therefore an evil doctrine which manifestly harms both the oppressor and the oppressed. A recent statement of the South African Council of Churches courageously put it this way, "The policy of separate development is based on the domination of one group over all other; it depends on the maintenance of white supremacy; thus it is rooted in and dependent on a policy of sin."

In a letter to the editor of Life Magazine in November 1966 Henry P. Van Dusen, President Emeritus of Union Theological Seminary put the moral argument this way, "Every American investor or employee in American firms doing business in South Africa, every American depositor or employee of virtually every major American bank involved with South Africa, every American educational, philanthropic, or religious body holding similar investments or deposits is, however unwittingly and unwillingly, a profit-taking partner of apartheid. Let Americans of conscience declare to those who administer their money: "This sordid involvement must cease."

Final Questions

Some specific questions arise regarding disengagement. Should business be expected to adopt policies the government has not? Business essentially is concerned with profits. Perhaps it cannot be expected that business will want to remove itself from a profitable area of investment until its investment is threatened by events. Business discovered a responsibility to the race problem at home only after vast destruction in riots; perhaps it will be as blind abroad until a worse conflagration comes. However, the government can adopt a wider perspective. Government should decide what policies best promote its interests and its values and pursue them. Business, as well as other institutions in the country, should be encouraged in every possible way to come into line with government policy. There is a mutuality of relationship between government and business in which each has an effect upon the policy of the other. Government should give direction to the policy, but because of the interacting relationship of government and business, pressure must be brought to bear on both.

If a disengagement policy were successful, would it hurt the Africans more than the Europeans? Many African leaders are urging economic disengagement. If the South African economy were hurt by withdrawal of capital, naturally this would effect the African people. However, it would have less effect on the

Africans because they already occupy such a low rung on the South African economic ladder. The per capita income of the Africans is considerably less than one-tenth that of the Europeans. A large part of the African population subsists on agriculture. Many African leaders say they would be willing to suffer additional disabilities in the conviction that the way would be paved for greater economic opportunity with the end of apartheid.

What about dealing with other countries whose policies we do not particularly like? Why do we pick on South Africa? First, as the British Foreign Minister has pointed out, in today's world, dictatorships based upon race are infinitely more dangerous to world peace. In today's world with its imperative for racial equality, support for the unique brand of legalized racism which apartheid represents just fans the flames of world conflagration.

Furthermore, apartheid is a policy about which it should be possible to take effective international action. South Africa increasingly stands alone. Support for economic boycotts against the Communist countries, for instance, is bound to come to naught since they have sufficient resources with which to provide each other with economic assistance. South Africa has, at best, only Portugal and the illegal regime of Rhodesia for allies.

In addition, it is worth noting that the increased interaction between East and West has been coincident with increased liberalization in Eastern Europe and the Soviet Union (Czechoslovakia not withstanding). The West perhaps was able to encourage some liberalism there because it started from a point of minimal engagement. The case of South Africa is the antithesis for the United States is already entrenched economically. South Africa has nothing more to gain from us. Why then should she liberalize? Let us return to square one, of greatly reduced engagement, and see then if we can induce sizable measures of common sense and decency on the part of South Africa.

A policy of disengagement towards the government of South Africa and its supporters should make it possible in a new and vigorous way to become more engaged in aiding the opponents of apartheid. It would mean they do not have to fight the economic power of the United States as well as the South African Government. More significant support, for example, could be given to the Republic of Zambia as it attempts to break its trade ties with

South Africa. A more vigorous American scholarship program whether in Africa or the United States should become a reality, particularly for non-whites who are in exile from South Africa. A positive policy of political asylum for opponents of the regime should go into effect in the United States without delay. More could also be done to aid Botswana, Lesotho, and Swaziland, currently held in economic hostage to South Africa. With a new policy, the United States would be in a position to give real leadership to those forces which can challenge the repressiveness and the inequalities of apartheid.