

URGENT Floor vote on Export Import Bank is scheduled for Wednesday, May 10th. We urge you to support the Committee's bill (HR 12157) with the prohibition on EXIM financing for South Africa.

5 May 1978

Dear Representative:

The United States is South Africa's largest trading partner. Although the official policy of the State Department is to neither encourage nor discourage that trade, the existence of Export-Import Bank credits for South Africa--indirect loans and guarantees--provides an encouragement to that trading relationship. For South Africa that trading relationship is essential. Light aircraft, heavy industry equipment, computer technology imported South Africa from the United States with an official agency of the U.S. government's financial backing--these are significant supports to the Nationalist Party government. At the same time that the Executive branch of our government has criticized apartheid, one component of that branch has provided incentives for South African purchasing of U.S. products. The Export-Import Bank is not politically neutral--it is an economic institution which in its financing provides economic support for other governments.

Our churches have recognized for years the special horrors of South Africa, not for its white minority (who have one of the highest standard of living in the world) but for its 19 million black majority, most of whom live on incomes below the Poverty Datum Line. We feel there are compelling reasons for selecting South Africa for special attention through the denial of Export-Import Bank financing and we wish to share these reasons with you:

1. South Africa's human rights violations are institutionalized, legislated, fully legal within that country; not aberrations or the result of an overzealous police force. By law it is illegal for Africans to own land, own businesses, work in hundreds of jobs, own firearms, pass property to their children, bargain collectively, marry non-Africans, move without government permission, be unemployed, form political parties, etc. South Africa's violations of human rights rather than being a short-term phenomenon, a martial law period necessary for getting the nation started without unruly competing factions bleeding the country, have been long-term and cumulative, beginning when the Nationalist Party came to power in 1948. One by one rights were removed from the Africans who formerly could vote, own land, participate in political parties.

2. South Africa justifies its policies in the name of Democracy; the Nationalist party arbitrarily imprisons, bans, detains without charge or right of appeal on the rationale that they are defending the Free World from Communism. The political values we in the U.S. hold dear--the rights enumerated in our own Bill of Rights; freedom of assembly, speech, press, protection from arbitrary arrest and search, right to participate in the political process, "consent of the governed",--do not exist for 80% of the population of South Africa.

The following are some examples of South African "democracy":

- a/ The Terrorism Act, an ex post facto law, passed in 1967 retroactive to 1962, places the burden of proof on the accused to show there was

no intent to commit terrorism (terrorism is defined by the Minister of Justice). Section 6 of the Terrorism Act gives police the power to detain anyone without charge and hold them incommunicado indefinitely. The mandatory minimum penalty under the Terrorism Act is five years in prison; the maximum is the death penalty.

b/ The Internal Security Act of 1976 extended the Suppression of Communism act. The Minister of Justice is given power to impose five year banning orders on anyone suspected of engaging in "activities which endanger the maintenance of public order." In Section 4 the Minister of Justice is empowered to order preventive detention incommunicado and without trial for anyone regarded as a threat to State security. Potential witnesses for the State may also be detained without charge for six months or until the trial is over.

c/ Banning orders cannot be questioned by any court. Banning is imposed at the discretion of the Minister of Justice and only he can amend or lift a banning order. The authority of the courts is confined to fining or imprisoning those who break the provisions of their banning orders.

The arrests of 2430 people (according to the Minister of Justice) during the year following Soweto and the killing of 1000 people during the summer of 1976 (according to UN estimates) indicate the extent of South Africa's "democracy." So does the government's persistent refusal to allow an independent inquiry into the numerous allegations of torture which have been made by organizations within South Africa; such allegations are handled by banning the report and the organization. (The Christian Institute's report titled TORTURE IN SOUTH AFRICA is a case in point.)

The political values of the West become a crude joke in the context of South Africa. To non-aligned nations South Africa as an anti-Communist ally of the West is a deterrent to democracy, a "worst case" example, living evidence of a virtue become a vice. The West does not need that identification...with friends like that who needs enemies!

3. South Africa provides a paradigm of the global dilemma of rich nation/poor nation inequities. South Africa's white minority, with the highest standard of living in the western world, is a scale model of the international minority of "have" nations (about 13% of the world's population and generally white). The vast majority in South Africa, disenfranchised and impoverished, is a small scale equivalent of the vast majority of our globe. What happens in South Africa will likely be viewed as a model for what will happen in the rich/poor, white/coloured, North/South confrontation.

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4. History teaches us that ideas and circumstances converge at particular moments in time to illuminate old situations in new ways to create the conditions for dramatic change. This is such a time for South Africa.

With the coup in Portugal in April 1975 and the subsequent independence of Mozambique and Angola, South Africa's borders requiring defense increased dramatically, requiring a military budget increase of \$464 million in 1976-77. The increase in border security risks are in part the cause of South Africa's current economic crisis. South Africa is presently in the 4th year of its worst depression since the 1930's.

South Africa has critically needed foreign loans to pay for her oil imports (she has no petroleum) and to cover the tremendous increases in her defense budget. In 1976 South Africa doubled the amount of money she borrowed from U.S. banks. These economic pressures have contributed to a new reluctance among multinational bankers to continue providing such a quantity of loan money to South Africa. Banks like Chase Manhattan and Citicorp now judge South Africa to be such a risky investment that they are saying they will make no new loans to the South African government. The Export-Import Bank, a risk-taking agency, has limited South African credits to 3 years and, if the House Banking Committee's recommendation is accepted by the Congress, will end financing for South Africa. Moreover corporations like Gulf Western, Control Data, and GM announced in 1977 that they would not expand their South African investments.

Within South Africa dissent is at an all-time high. Black urban resistance is growing as unemployment and government repression mount.

It began June 16, 1976 when a nonviolent protest in Soweto (the one million plus residential Africa ghetto outside Johannesburg), was ruthlessly disrupted by police firing on and arresting children and adults. The crack-down accelerated during 1976. October 19, 1977 50 prominent African leaders were arrested, 18 urban black organizations banned, and the largest newspaper read by Africans closed. The protests continue despite other waves of arrests and new restrictive legislation.¹

South Africa churches, facing increasing government restriction of their ministry to the families of political prisoners and struggling to discern what their witness should be at this time, will meet in July at the South African Council of Churches annual meeting and seek to determine a position on foreign investment. It will be a painful and dangerous time for them. The Christian Institute, a critic of foreign corporations, was banned last October. Numerous clergy have been jailed. To speak against foreign investment has been construed by the Minister of Justice as a violation of the Terrorist Act, punishable by a minimum sentence of 5 years in prison (maximum, the death penalty).

Internationally the South African government is facing unprecedented opposition. Canada, the Netherlands and the Scandinavian countries have ended

¹/ Parliament is currently considering bills to require all social work to be regulated by the Minister of Justice. Another bill makes unemployment a crime--four months (cumulative) unemployment for urban blacks would subject them to forced labor on farms.

all government financing of exports to South Africa. The United Nations voted a mandatory arms embargo (the UN's first) against South Africa in November, 1977.

Within the United States shareholder resolutions continue to be brought by increasing numbers of church denominations asking corporations to withdraw from South Africa. Numerous American universities and colleges have added their support to these resolutions, and/or brought their own resolutions to corporations in which they hold stock. (Duke University, Bryn Mawr, Haverford, and the University of Illinois, among them). Other universities and colleges are divesting themselves of stock in corporations doing business in South Africa; (the University of Wisconsin, the University of Massachusetts, the Oregon Board of Higher Education, Hampshire College, Antioch and Smith). The campuses of Princeton, Harvard, and Cornell have seen mass demonstrations on the South African investments issue. Vanderbilt University was the scene of a week-long "speak out on South Africa" culminating in the NAACP--sponsored demonstration against South Africa's participation in the Davis Cup, played at Vanderbilt March 18th. As a result of the protest the International Tennis Association decided to exclude South Africa from the 1979 Davis Cup competition, bringing additional international pressure on South Africa.

In short, external pressures on South Africa at this historic moment combine with new and burgeoning internal dissent and economic crisis. To use Lincoln's imagery, (which he borrowed from PROVERBS) South Africa is a house divided against itself.

Yet despite the convergence of international and internal protest and economic decline, it is not at all certain that majority rule is on its way. With 6 years supply of petroleum stored in its abandoned gold mines and with a considerable nuclear capacity (due in large part to U.S. exports of enriched uranium), South Africa is nearing self-sufficiency. South Africa's Economic Affairs Minister Chris Heunis announced last November that his government has the legal authority to force domestic and foreign corporations to produce whatever they mandate, regardless of the international arms embargo.

According to the Carnegie Endowment's recent book on South Africa, *A HOUSE DIVIDED: SOUTH AFRICA'S UNCERTAIN FUTURE*, even enlightened Afrikaners, the "verligte", "abhor...power sharing and any form of political integration."

Meanwhile the U.S., South Africa's largest trading partner, continues to export critical goods to South Africa like light aircraft (Pipers, Cessnas, Rockwells, Beechcraft) which may be used by South Africa's paramilitary reserve "Air Commandos" who bring their own private planes to use in their military mission. These imports and the production in and for South Africa by U.S. companies of strategic goods--computers, radio equipment, heavy industry material--increase South Africa's potential capacity for weathering international pressures.

5. Economic ties between the U.S. and South Africa are important to South Africa. As South Africa's largest trading partner, second largest investor, and supplier of 1/3 of South Africa's foreign loan money, what the

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U.S. says rhetorically about apartheid is much less important to the South African government than what the U.S. does about its economic ties. The Export-Import Bank is a bilateral economic institution. As such, its continuing financing of South Africa purchases of U.S. exports reassures the South African government that U.S. opposition to apartheid is merely Administration rhetoric.

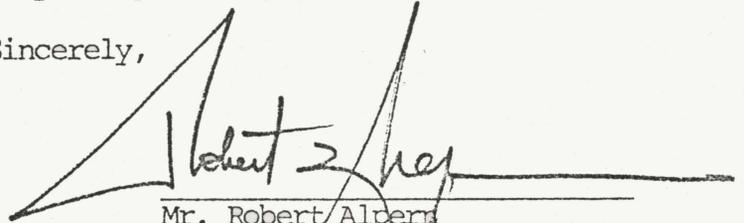
We urge your support for the Export-Import Bank Reauthorization Bill (H.R. 12157), passed by the Banking Committee May 1st and containing a prohibition on financing for South Africa, to be waived only if the President determines that there has been substantial movement on the part of the South African government toward the dismantling of apartheid.

We would appreciate an opportunity to speak to you on this issue.

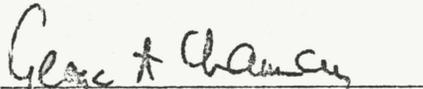
Sincerely,



Mr. Herman Will
Associate General Secretary
Board of Church and Society
United Methodist



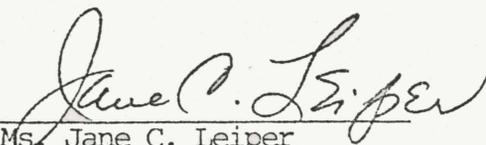
Mr. Robert Alpern
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Unitarian Universalist Association



Dr. George A. Chauncey
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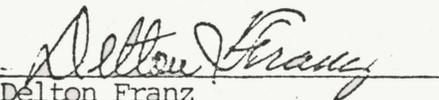
Ms. Mary Jane Patterson
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